

UNIVERSITY OF ALBERTA



0 0003 78038 48



REPORT OF THE
UNIVERSITY
OF
ALBERTA

LE
3
A58
J575
1989/1990

HSS

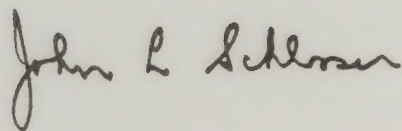


EX LIBRIS
UNIVERSITATIS
ALBERTÆNSIS

LETTER TO THE MINISTER

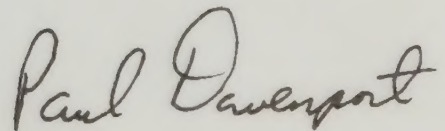
To the Minister of Advanced Education

On behalf of the Governors of the University of Alberta,
and in accordance with the provisions of The Universities
Act, we have the honor to transmit the annual report of the
University of Alberta for the fiscal year ending 31 March
1990 and the academic year ending 30 June 1990.



John L. Schlosser, CM

Chairman



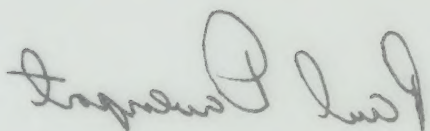
Paul Davenport

President

LETTER TO THE MINISTER

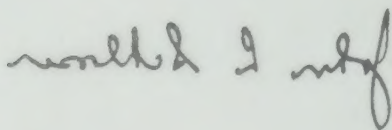
To the Minister of Advanced Education

On behalf of the Governors of the University of Alberta,
and in accordance with the provisions of The Universities
Act, we have the honor to transmit the annual report of the
University of Alberta for the fiscal year ending 31 March
1990 and the academic year ending 30 June 1990.



Paul Davenport

President



John L. Schlosser, CM

Chairman

1 9 8 9



1 9 9 0

REPORT OF THE

UNIVERSITY

OF

ALBERTA

CONTENTS

CHAIRMAN'S REPORT

5

PRESIDENT'S REPORT

9

BOARD COMMITTEE
REPORTS

13

BOARD OF GOVERNORS

19

JOHN L SCHLOSSER

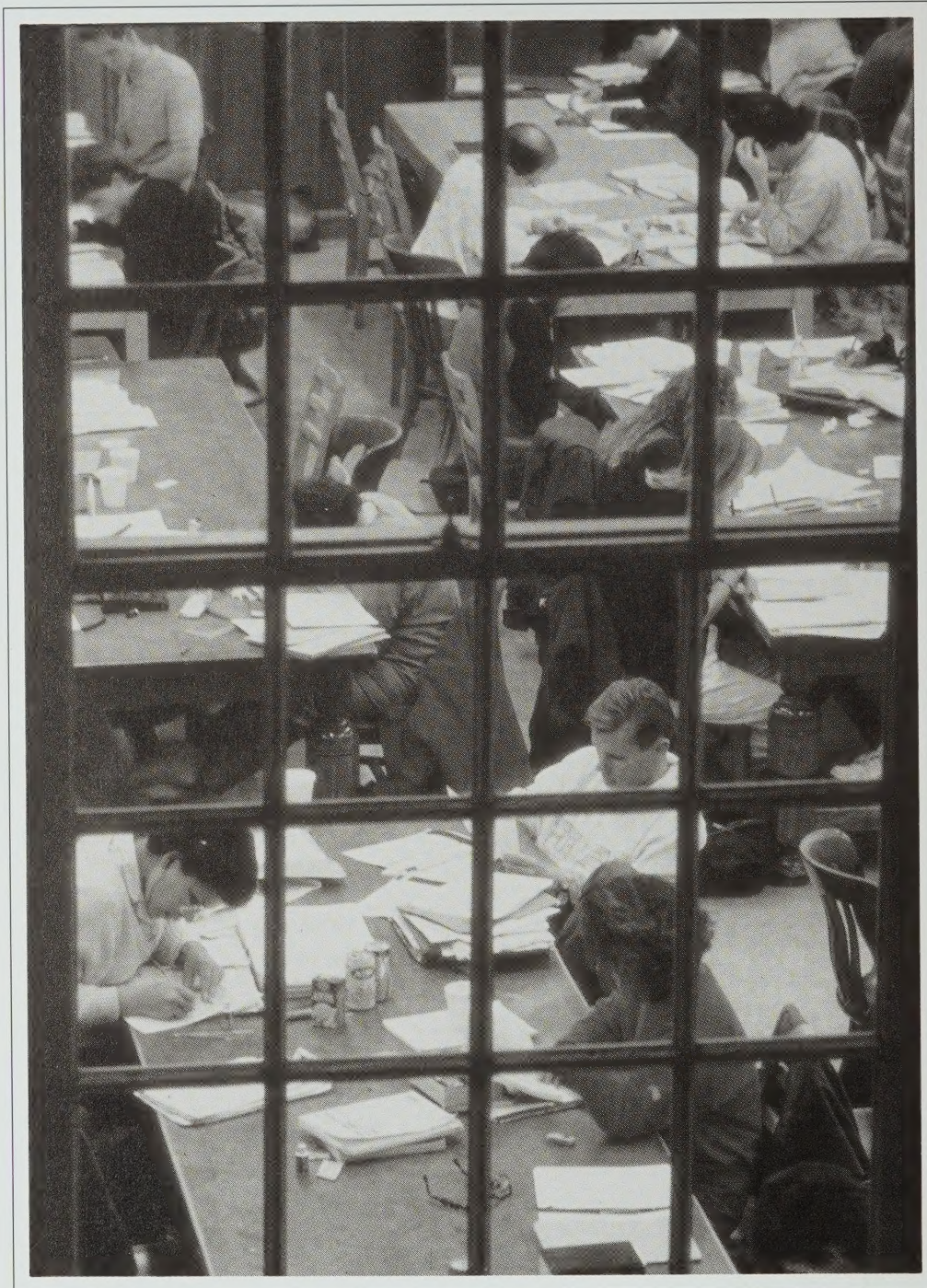
21

FINANCIAL HIGHLIGHTS

23

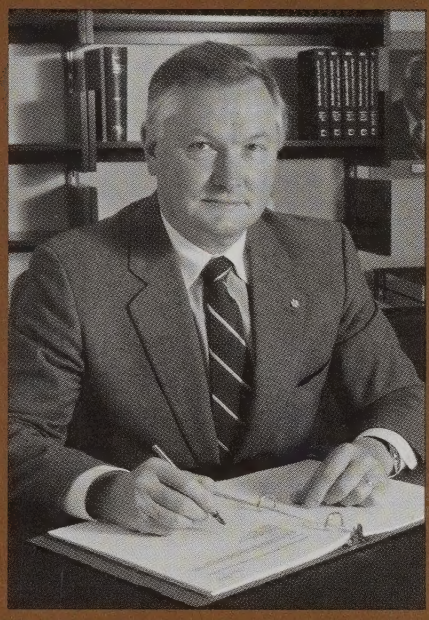
FINANCIAL STATEMENTS

25



“Education is, after all, one of the better investments that a society can make – especially if we compare the cost of education with the very much higher price society pays for ignorance.”

CHAIRMAN'S REPORT



JOHN L. SCHLOSSER

The year 1989-90 has been a period of challenge for the University of Alberta.

With student enrollments growing beyond our capacity in human and physical resources, and facing the cumulative effects of several years of financial stringency, difficult budgetary decisions had to be made. These included instituting across-the-board cuts in operating budgets, increasing tuition fees, introducing enrollment quotas, and raising student residence rents.

Despite these measures, the University had to utilize \$4.3 million from the Unallocated Income Fund – a solution that cannot be resorted to in coming years, as the Fund was reduced to \$7.1 million in market value as of 31 March 1990.

PLANS AND RESOURCES

This has been a difficult decade for the provincial government budget, and these problems have been reflected in the University's funding.

In this decade, we have seen our real operating expenditures per student decline by 20 percent, and capital grants decline by more than 65 percent. At the same time, our student population has increased by 38 percent, although the increase in teaching staff has been only 10 percent.

While we recognize fully the financial difficulties facing the province, and the commitment to balance the provincial budget, it must be understood that sound financial planning depends on knowledge of the financial resources available. However, government grants are allocated only one year at a time.

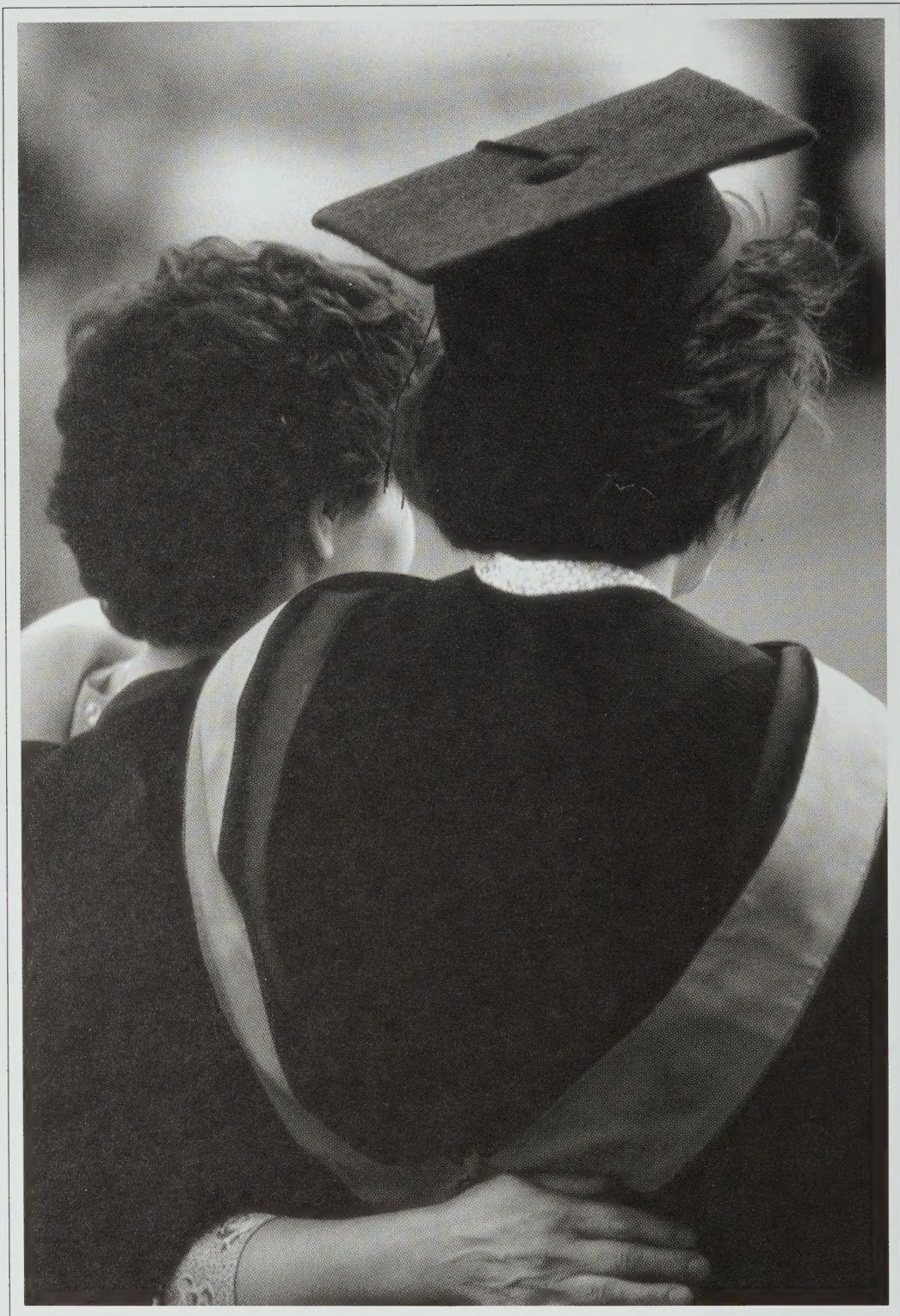
To enable the University to operate efficiently in terms of finance, and effectively in terms of serving society best, I must emphasize the immense advantage it would be to move to a five-year government plan for capital and operating grants.

Education is, after all, one of the better investments that a society can make – especially if we compare the cost of education with the very much higher price society pays for ignorance.

In this connection, we acknowledge the government's contribution in creating the Endowment and Incentive Fund program to help establish academic Chairs, scholarships and so on.

BRICKS AND MORTAR

During this reporting year, we embarked on much needed renovations to student residences. As a consequence of our intention to operate these residences on a break-even basis from now on, student rents were increased by an average of 13 percent. Renovations to Corbett Hall were also begun. By the spring of 1991 we expect to see the Faculty of Rehabilitation Medicine installed again in its restored premises.



“There can be few tasks as challenging or
as rewarding as serving this institution of
higher learning.”

Construction also began on a seven-storey building at the corner of 83 Avenue and 112 Street to house the Faculty of Extension – formerly a tenant of Corbett Hall, and now scattered in a variety of temporary quarters around campus. In keeping with our plans to make the new building a revenue source, part of the space will be leased to commercial tenants.

Having regretfully had to cancel plans to build a new collections centre, we were later able to announce that funds earmarked for that project would be used to build a much needed centre for Drama, to be called the Timms Centre for the Arts.

HAIL AND FAREWELL

In this reporting year it was my particular pleasure to welcome Dr Paul Davenport as the University's tenth President.

Dr Davenport repeated history in coming to us from McGill University in Montreal as did our founder and first President, Henry Marshall Tory.

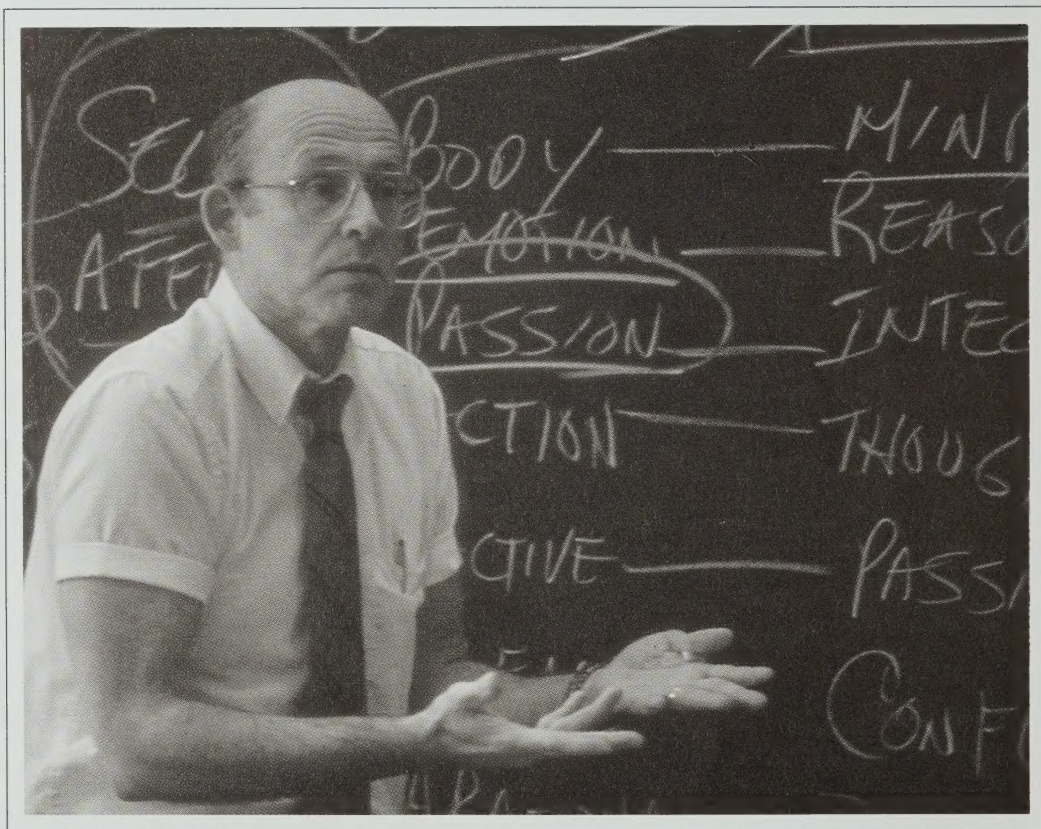
Also this year, we bade farewell to Chancellor Tevie Miller who completed the fourth year of his productive term as Chancellor, and welcomed Sandy Mactaggart as fourteenth Chancellor of the University. Mr Mactaggart is no stranger to the University, having served for six years on the Board, sat on all three of its committees and been chairman of our real estate advisory committee.

This reporting year is also the year in which I step down as Chairman of the Board of Governors, having served as a Board member since 1972 and as Chairman since 1978.

During this time I have worked with four University Presidents and five Chancellors to serve the University's and the community's best interests. The Chairman's role is, I believe, a special one that involves bringing an outside and business perspective to the affairs of the University. To that end, during my term I have encouraged a number of initiatives to bring the Board together with the community. The connections established include the Board/City Liaison Committee and the Board/Chamber Liaison Committee, as well as links with the government's Education Caucus and the Edmonton Caucus.

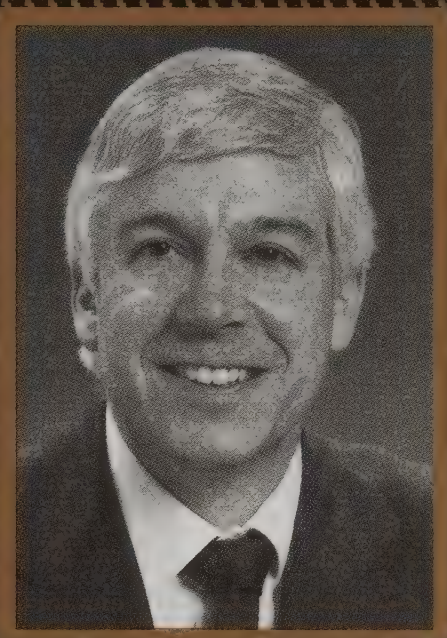
A FINAL WORD

In conclusion, I would like to thank all members of the Board of Governors, past and present, who through this voluntary service contribute to the University and thus to the community. As I step down, I can truthfully record that there can be few tasks as challenging or as rewarding as serving this institution of higher learning.



“Questioning, discovering, and transmitting new
insights are what a university is all about.”

PRESIDENT'S REPORT



PAUL DAVENPORT

The University of Alberta is not only the preeminent postsecondary institution in Alberta, it is in many fields preeminent in Canada. Scholars from around the world gravitate here to share the excitement of a large research university which has maintained a collegial environment despite our vast size. It is no small miracle that our faculty and staff have enhanced our international reputation over the last decade while simultaneously student enrollment was growing faster than our real operating and capital resources. Quality is a magnet for students. We are profoundly aware of our responsibility to provide that quality education to as many students as possible.

HONORS, NATIONAL AND INTERNATIONAL

I came to the University of Alberta as its tenth President in August 1989, because I knew its reputation for excellence. Our faculty, staff and students are committed to maintaining that reputation, and I am proud of our achievements this past year.

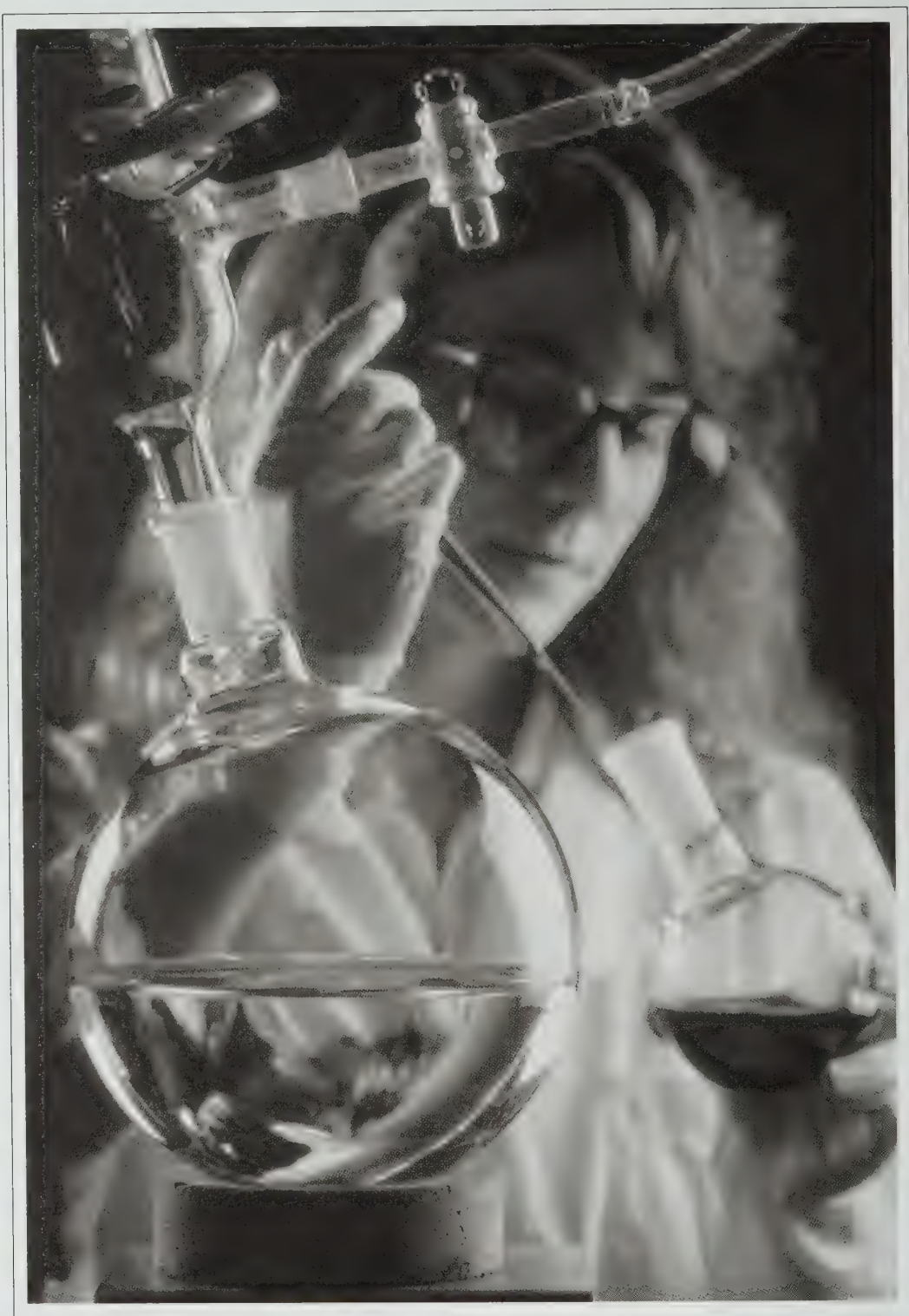
Over one hundred of our faculty have received major awards. There were four inductees into the Royal Society of Canada: Chuji Hiruki (Plant Science), Gary Horlick (Chemistry), Rowland McMaster (English), Doug Owsram (History). Raymond Lemieux added to his growing list of honors the distinguished King Faisal Prize in Science, never before awarded to a Canadian. Malcolm Forsyth was named Canadian Composer of the Year. Manfred Prokop and Lois Stanford won the national award for teaching excellence, the prestigious 3M Teaching Fellowships. We were the only university awarded two fellowships, an indication of the high value we place on teaching at the University of Alberta.

SPECTACULAR BREAKTHROUGHS

Research breakthroughs, including those in the health sciences, have been spectacular. Ray Rajotte, Garth Warnock and Norman Kneteman successfully implanted islet cells in two diabetic patients, radically improving their lives and offering hope to all diabetics. Mike James discovered one of the key pieces in understanding high blood pressure. In Dejan Popovic's lab, children with spinal injuries received electrical implants which enable them to walk.

OUR CHANGING SOCIETY

The achievements of our researchers in the social sciences and humanities have also enriched our understanding of our rapidly changing society. It was David Marples, for example, in Ukrainian Studies who doggedly researched the continuing effects of Chernobyl and collected overwhelming evidence which finally forced authorities to act. Dean of Arts, Patricia Clements, in collaboration with an international team, published the first major reference book of women writers from the Middle Ages to the present. A gerontologist of national renown, Brendan Rule, this year received a substantial grant for her research on Alzheimer's Disease.



EXPECTATIONS, OBLIGATIONS

Society's expectations of our leadership in research discovery and innovation have grown markedly. We, at the University of Alberta, are changing to respond both to our own heightened standards and to the community's needs. We have an obligation to communicate our role and develop more linkages to the community.

One initiative we took this year to fulfill that obligation is the Joint Degree Program in Nursing with Red Deer College. Thanks to the foresight of our Dean of Nursing, Marilyn Wood, we now have a precedent-setting example of university/college cooperation that enables nursing students attending Red Deer College to earn a prized University of Alberta degree.

...AND THE FUTURE

Questioning, discovering, and transmitting new insights are what a university is all about.

The future of Alberta, indeed of Canada, is dependent on the creativity and innovation fostered in major research universities, such as ours. We are intensely conscious of our responsibility to our students, our province, our country.



THE BOARD COMMITTEES

EDUCATIONAL AFFAIRS

The appointments of a new Dean of Pharmacy and Pharmaceutical Sciences and a Chief Librarian and Director of Libraries, and the reappointments of the Deans of Faculté Saint-Jean, Extension and Rehabilitation Medicine were endorsed for Board approval during the year in review.

Dr Isobel Grundy's appointment to the vacant Henry Marshall Tory Chair was approved, effective 1 September 1990. A distinguished scholar in English literature and an authority on women's literature, Dr Grundy will be based in the Department of English.

New program initiatives endorsed and approved included proposals for a combined BPE/BEd program, a collaborative baccalaureate program in Nursing with the University of Alberta Hospitals, a revised PhD program in nursing, and a new BSc program in materials engineering.

To ensure that the quality of education is not compromised, a proposal was approved to control new admissions in 1990-91 at the 1989-90 level. A target has been set of a total of 24,000 full- and part-time undergraduate students by 1994. Enrollments will be gradually reduced towards achieving quotas of 4,950 in Arts, 4,350 in Science and 3,250 in Education by 1994.

At the request of the provincial government, the Faculty of Business this year expanded from 250 to 280 the quota for transfers to the BCom program.

Removal of the quota on the MLIS program in the Faculty of Library and Information Studies was endorsed, effective for the 1990-91 academic year, and in Occupational Therapy, the quota in the basic BSc will expand to 64 (from 40).

A comprehensive review of all quota programs has been conducted by the Academic Development Committee and a report is expected later in 1990.

The affiliation agreement between the University and Canadian Union College received a final two-year extension. When the College becomes a degree-granting institution – probably within that period – the agreement will be discontinued.

The Centre for Gerontology (established in 1983 as a multidisciplinary unit under the auspices of the Vice-President (Research)) was recommended for approval, so that it could be considered for base-budget funding.

The Boreal Institute, renamed the Canadian Circumpolar Institute, is to be restructured and an advisory committee will coordinate its activities. The Boreal Library will move to the Cameron Library, the grants program will become a component of the Central Research Fund, and there will be a major emphasis on external fundraising.

The Committee considered discussion papers produced by the provincial government on tuition fee policies and on

the future of postsecondary education in Alberta, and formal responses are being prepared by the Administration.

STUDENT ENROLLMENT BY FACULTY, 1989-1990

Faculty	Winter Session		Total	Spring	Summer
	Full-time	Part-time		1989	1989
Agriculture and Forestry	592	38	630	56	23
Arts	4,833	730	5,563	1,173	678
Business	1,631	92	1,723	331	181
Dentistry (including Dental Hygiene)	274	0	274	1	0
Education	3,372	598	3,970	1,153	827
Engineering	1,996	79	2,075	169	39
Graduate Studies and Research	2,866	1,046	3,912	385	311
Home Economics	421	36	457	116	52
Law	504	0	504	4	1
Library and Information Studies*	0	0	0	0	0
Medicine (including Medical Laboratory Science)	1,024	27	1,051	4	2
Native Studies	20	4	24	0	0
Nursing	634	744	1,378	537	89
Pharmacy	431	3	434	26	10
Physical Education and Recreation	780	45	825	179	60
Rehabilitation Medicine	532	18	550	206	164
Faculté Saint-Jean	501	38	539	122	89
Science	4,589	255	4,844	575	321
Unclassified Student Program**	39	744	783	374	548
	25,039	4,497	29,536	5,411	3,395

* Master of Library and Information Studies students enroll in the Faculty of Graduate Studies and Research.

** Special permission to carry a full-time course load was granted to 39 Unclassified students enrolled in the Transition Year Program, Blue Quill, Slave Lake and Spruce Grove off-campus centres.

Source: Office of the Registrar

FINANCE COMMITTEE

In May 1989, the Committee recommended Board approval of a preliminary operating budget providing for total net expenditures of \$276,290,000, a tuition fee increase of 4.5 percent, and on average a 13 percent increase in the schedule of rents for student residences designed to put their operation on a full cost recovery basis. Internal reallocation resulted in hard budget reductions of \$1.3 million.

In view of the Province's announced intentions to fund both the restoration of Corbett Hall (home to the Faculty of Rehabilitation Medicine) and a new building for the Faculty of Extension, the Committee recommended land be acquired on 112 Street as a site for Extension and other University units.

With regard to the University's affiliated companies, centres and institutes, the Committee continues to receive reports on the operation from senior management officials of Chembiomed Ltd, Biomira Inc, Alberta Microelectronic Centre, Alberta Telecommunications Research Centre, C-FER and The Laser Institute.

The Committee also recommended a change in the corporate structure of TRIUMF (the Tri-University Meson Facility at the University of British Columbia, of which the University of Alberta is a founding member and partner). The proposal would change TRIUMF from a joint venture to a not-for-profit corporate structure. This

change was designed to facilitate the involvement of other Canadian research institutes and other countries in a \$708 million expansion proposal. Towards that cost, the province of British Columbia has already committed \$236 million and a similar amount has been committed from the United States, Great Britain, France, Germany, Italy and Japan. At the present time, the federal government is reviewing whether it will contribute the remaining one-third of the cost.

The Committee implemented a new policy to recover the overhead or indirect costs of sponsored research and will be monitoring whether this new policy has the desired effect of reducing the substantial costs associated with research, or whether it acts as a deterrent to new sponsored research being undertaken at the University.

The Committee continues to review the various real and intellectual assets of the University and continues to make recommendations to the Board of Governors to properly utilize and, if necessary, dispose of those assets to enhance financial recovery for the University in these times of financial difficulty.

For the enhancement of scholarship and to ensure greater accessibility to postsecondary education, a disbursement of \$1.58 million from the Endowment Fund for the Future was approved.

In the coming year, the Finance Committee will continue its close scrutiny of the University's budgeting process and will continue to require sound financial administration.

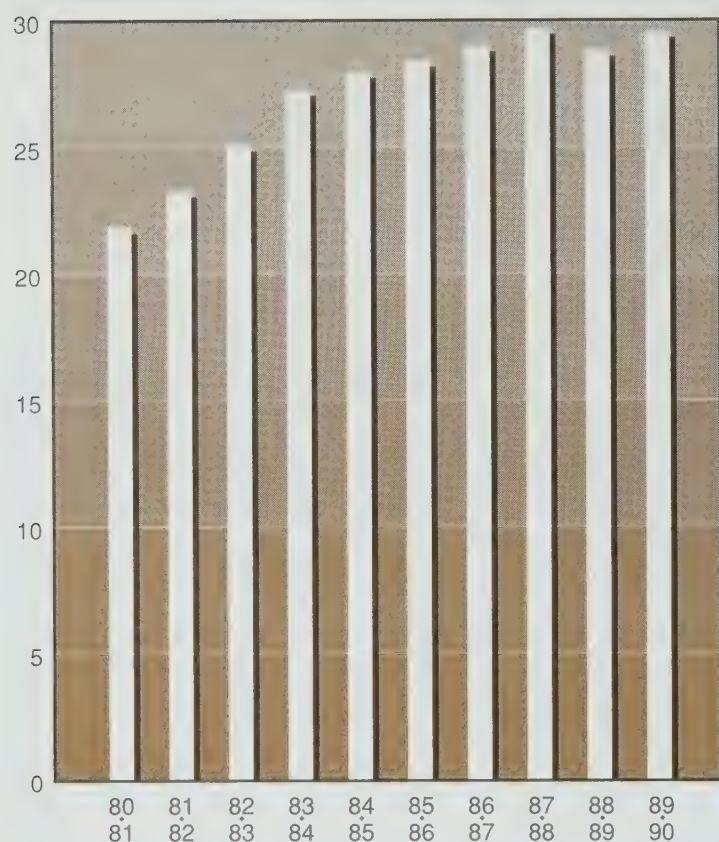
The Committee will continue to work closely with Administration in setting policies and procedures to encourage and facilitate University-based research for potential commercial application or public utilization or that could be developed further through technology transfer agreements.

The Finance Committee hopes in the coming years to increase nontraditional sources of revenue and to identify and eliminate nonessential expenditure, with the goal of ensuring maximum accessibility for students to one of the finest teaching and research institutions in the world.



“Raymond Lemieux added to his growing list of honors the distinguished King Faisal Prize in Science, never before awarded to a Canadian.”

TEN-YEAR WINTER SESSION ENROLLMENT PATTERNS*



1980-81	21,831
1981-82	23,279
1982-83	25,075
1983-84	27,262
1984-85	27,956

1985-86	28,402
1986-87	29,012
1987-88	29,662
1988-89	28,804
1989-90	29,536

*Full-time and part-time (including off-campus evening credit programs) as of 1 December each year

Source: Office of the Registrar

BUILDING COMMITTEE

In the year in review, the Building Committee reluctantly recommended that the University not proceed with the proposed Timms Collections Centre: construction bids had come in well over the projected budget and the ongoing operating costs were a cause of concern. The Board has now approved construction of the Timms Centre for the Arts, which will include a theatre for the Department of Drama. As this is an existing department, operating funds are already in place.

As a result of the recommendations of a facilities evaluation report, the University's student residences are undergoing major restoration, the first phase of the work being undertaken in mid-1989. Renovation work is also planned for the facilities for laboratory animals in the Medical Sciences Building.

Following approval of the Design Development Report for the new Faculty of Extension building on 112 Street, a prime consultant for tenant improvements has been appointed. The building will provide underground parking for about 300 cars.

The Bookstore is undergoing major upgrading to enhance operations and service to customers. As it operates on a break-even budget, the work is funded from reserves and with repayable loans.

An agreement with the prime consultant for repairs to the building envelope of the Universiade Pavilion is close to completion, and the University is also moving towards a working agreement with the original contractor. The Pavilion was built in 1982-83 for the World University Games. Problems have developed with moisture penetration and ice build-up.

AUDIT COMMITTEE

The Audit Committee reviews the annual audited financial statements and recommends their approval by the Board of Governors; monitors, reviews and approves the accounting policies and financial reporting methods used by the University; liaises with the external auditors; and monitors the activities of the internal audit function.

Significant changes have been made in the form and presentation of the financial statements for the year ended 31 March 1990. The University will continue to review the statement presentation in order to improve the clarity and readability of the financial information wherever possible.

The statements are prepared in accordance with the basis of accounting as disclosed in the notes to the financial statements. This is the accepted practice in Alberta universities and in many other Canadian universities. From 1 January 1989, application of the provisions of the Handbook of the Canadian Institute of Chartered Accountants (CICA) was extended to include not-for-profit insti-

tutions. In order to comply with the CICA Handbook, the University changed its accounting policy in respect of the long-term disability leave plans in the fiscal year under review (see Note 8 of the financial statements for an explanation of the change). Accounting policies will be reviewed in following years to ensure that the University's financial statements comply fully with the CICA Handbook and with generally accepted accounting principles.

The Board of Governors approved the financial statements for the year ended 31 March 1990 following the review and recommendation of the Board Audit Committee and the Board Finance Committee.





THE BOARD OF GOVERNORS

CHAIRMAN
JL Schlosser, CM

CHANCELLOR
Justice TH Miller

PRESIDENT
Paul Davenport

ALUMNI REPRESENTATIVES
RJ Edgar
B Kozoriz

SENATE REPRESENTATIVE
TO THE BOARD
W Yurko

PUBLIC REPRESENTATIVES
W Grace
AP Hiebert
M Lobay, CM
PW Milnthorp
HJS Pearson
JA Scott
J Superstein, CM
MC Welsh

ACADEMIC STAFF REPRESENTATIVES
J Bertie
BJ Busch

STUDENT REPRESENTATIVES
D Tupper, Students' Union
(succeeded by S Mustapha)
S Twible, Students' Union
(succeeded by K Powys-Lybbe)
S Downes, Graduate
Students' Association

NON-ACADEMIC STAFF OBSERVER
R Torgerson

ADMINISTRATIVE DIRECTOR
PA Robison, CD

IN REGULAR ATTENDANCE
AS RESOURCE PERSONS:
JP Meekison, OC
Vice-President (Academic)
CR James
Vice-President (Research)
AA Warrack
Vice-President (Administration)



FRONT ROW

(left to right):

David Tupper

Barbara Kozoriz

Bill Yurko

Mary Lobay

Paul Davenport

John Schlosser

BJ Busch

Bill Milnthorp

Al Hiebert

Peter Meekison

Stephen Downes

BACK ROW

(left to right):

Joyce Assen
(Administrative Assistant)

John Bertie

Stephen Twible

Ron Torgerson

Michael Welsh

Jack Scott

Bob James

Bill Grace

Paul Robison

Absent:

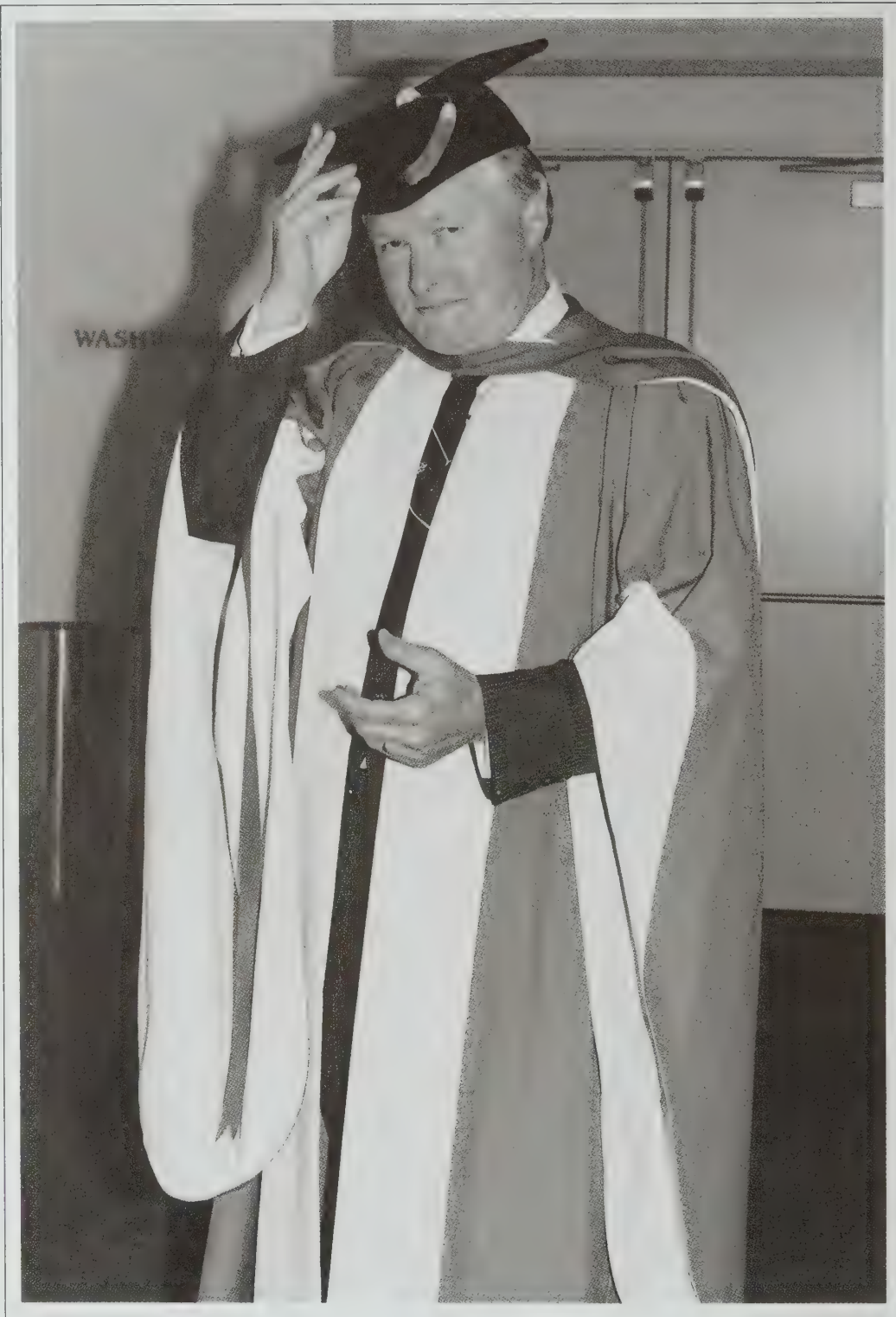
Bob Edgar

Tevie Miller

Sandy Pearson

Jake Superstein

Allan Warrack



“Businessman, sportsman, supporter of the arts,
craftsman, public servant and this University’s
most loyal volunteer.”

JL SCHLOSSER

CM

Chairman of the Board of Governors, 1978-1990

Board member since 1972

"An ideal chairman: concerned to get involved in setting the overall direction of the University, but leaving the nuts and bolts of policy to the Administration."

– Paul Davenport

"Businessman, sportsman, supporter of the arts, craftsman, public servant and this University's most loyal volunteer."

– Myer Horowitz

"What could have been half as interesting, or as much fun or as challenging as serving this institution of higher learning?"

– John L Schlosser

HONORS

1983 Member of the Order of Canada

1988 University of Alberta honorary Doctor of Laws degree

MILESTONES

- ◆ Endowment Fund for the Future is established with investment income from the sale of University lands to bring distinguished scholars to the University as visitors or to Henry Marshall Tory Chairs and to provide study time for researchers through the McCalla Research Professorships, 1980
- ◆ Celebrations: Universiade, the University's 75th Anniversary and special Convocations for Mother Theresa and the Prince of Wales, 1983
- ◆ A first University/industry/government research initiative: the Alberta Telecommunications Research Centre is established at Bell Northern Research, 1985
- ◆ Endowment Management Policy creates a comprehensive policy to maximize endowment capacity, 1988
- ◆ John Schlosser and Eric Geddes, chairman of the Alberta Heritage Foundation for Medical Research, officially open the AHFMR-funded Medical Wing of the Heritage Medical Research Centre, 1988
- ◆ Student enrollment increases 42 percent between 1972 and 1990



QUAECUMQUE VERA

WHATSOEVER THINGS ARE TRUE

The University Motto

FINANCIAL HIGHLIGHTS

The University of Alberta is a large academic enterprise with annual revenues of more than one-half billion dollars and corresponding expenditures. The effective management of these financial resources is a top priority with the University, which seeks to ensure that all its resources are directed to the support of its fundamental mission of teaching, research and public service.

Statement B of the Financial Statements separates the revenues and expenditures of the University into three major categories:

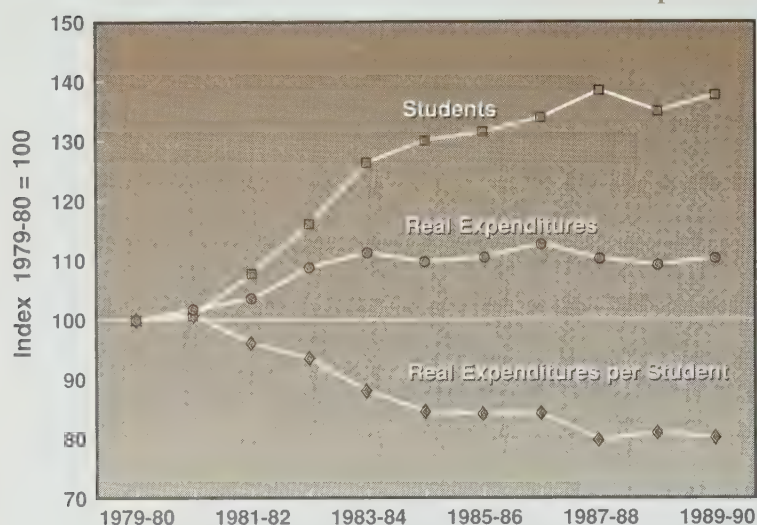
- ◆ Operating Fund, with three components: General Operating Fund, financed mainly by Province of Alberta grants and tuition fees; Ancillary Services Fund, consisting of service units such as Housing and Food Services, Bookstore, etc.; and Unallocated Income Fund, with a year end market value of \$7 million, consisting of funds accumulated from past investment earnings;
- ◆ Capital Fund, based primarily on capital grants from the Province, for capital acquisitions and building renovations;
- ◆ Restricted Fund, with three parts: Sponsored Research Fund, including grants, contract revenues, and donations for specific research projects; Special Purposes Fund, consisting of donations and other revenues for specific purposes stipulated by the donors or the Board of Governors; and Endowment Fund, consisting of donations to the University, the principal of which cannot be spent.

Statement B of the Financial Statements also shows the division of \$512.3 million among the three funds. Government grants provide most of our funding. Tuition is an important component of the operating budget, although tuition rates in Alberta are lower than in other provinces, except Quebec. The University is extremely proud of the major contribution of private donations and grants to our Restricted Fund, which totalled some \$33.5 million last year. Sales of goods and services are almost entirely from the ancillary services.

For the year ended 31 March 1990, total operating expenditures (as shown on statement B) exceeded total operating revenue (before interfund transfers and loan repayments) by some \$5.6 million. This shortfall was financed in part by a drawdown of the Unallocated Investment Income Fund of \$4.3 million. It was this annual deficit which required the severe budget cuts approved by the Board for 1990-1991.

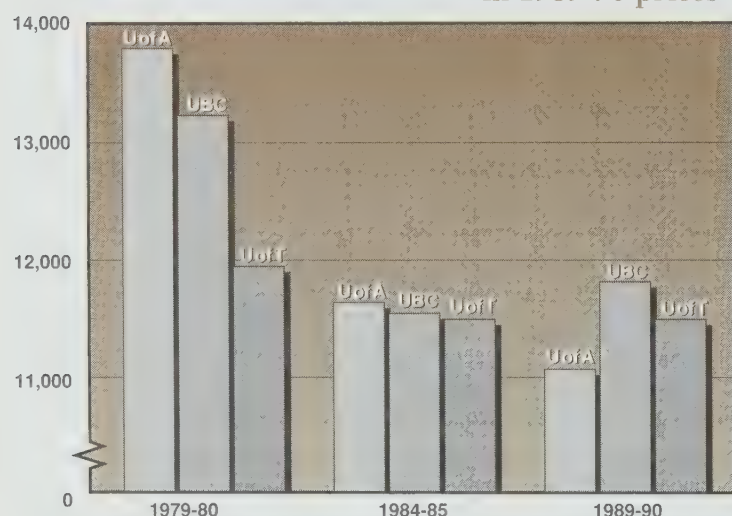
Friends of the University often ask how this deficit arose. We see the deficit as the result of a decade-long decline in the University's resources per student. In real terms, our operating expenditures per student have been cut back by 20 percent in the past decade, in tandem with the reductions in funding. As Table 1 shows, student enrollment has grown 38 percent during this period. While we have worked very hard to maintain accessibility in this environment, in recent years the student load has simply been too great for the available resources, and a deficit has emerged.

TABLE 1
Real Operating Expenditures per Student
in 1989-90 prices*



*Prices are corrected using the Consumer Price Index for Canada
Sources: *Financial Statements* of the University of Alberta and
Universities: Enrolment and Degrees

TABLE 2
Real Operating Expenditures per Student
in 1989-90 prices*



*Prices are corrected using the Consumer Price Index for Canada
Sources: *Financial Statements* of the University of Alberta and
Universities: Enrolment and Degrees

This deficit occurred in spite of every effort to adjust levels of service and realize efficiencies wherever possible without sacrificing the quality of our academic programs and research.

As Table 2 indicates, the University's position relative to other major research universities in Canada has been seriously eroded in the last decade. Ten years ago, compared to the University of Toronto and the University of British Columbia, the University of Alberta had the highest expenditures per student. In 1989-1990 we had the lowest. This indicates the dramatic change in our circumstances in recent years.

The change in the fund balance in 1989-1990 for capital funds is positive, at \$6.3 million, because there is generally some time lapse between the receipt of revenue and the expenditure of these funds on large projects such as the renovations currently in progress in Corbett Hall and the Clinical Sciences Building. Our formula capital grants, from which we purchase scientific equipment, are less than one-half their level of five years ago. The result is a growing stock of obsolete equipment in our teaching laboratories, and a severe shortage of computing equipment and other modern teaching tools.

Another question asked is how the University can claim financial troubles when there is a significant excess of revenue in the restricted funds. Basically, we are unable, usually for legal reasons, to switch money from the Restricted Fund into the Operating Fund. The \$22.4 million increase in the Restricted Fund balance may be broken down as follows:

- ◆ a \$10.8 million increase in endowments, which reached \$129 million at year end. We are very grateful to donors, and to the Province's matching dollars, for helping us build endowments to serve academic needs of future generations of students and teachers. For endowed funds, only the income earned on endowed funds may be spent.
- ◆ a \$3.6 million increase in the Sponsored Research Fund, and an \$8 million increase in the Special Purposes Fund, reflecting normal delay between receipt of funds for special, designated projects, and actual expenditures.

FINANCIAL

STATEMENTS

for the year ended
March 31, 1990



ALBERTA LEGISLATURE

OFFICE OF THE AUDITOR GENERAL

AUDITOR'S REPORT

To the Board of Governors of
The University of Alberta

I have examined the statement of financial position of The University of Alberta as at March 31, 1990 and the statements of changes in fund balances and changes in equity in capital assets for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the University as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, as described in Note 2 to the financial statements applied, except for the change in accounting for long-term disability leave plans, with which I concur, as explained in Note 8 to the financial statements, on a basis consistent with that of the preceding year.

Ronald D. Salmon

FCA
Auditor General

Edmonton, Alberta
June 28, 1990

STATEMENT OF FINANCIAL POSITION

AT MARCH 31, 1990
(IN THOUSANDS OF DOLLARS)

STATEMENT A

ASSETS

	1990	1989
Cash and short-term deposits	\$46,013	\$43,624
Accounts receivable	48,235	44,759
Accrued interest	1,879	1,989
Inventories (Note 2 e)	4,857	5,118
Prepaid expenses and deferred charges (Note 8)	14,978	4,153
	<u>115,962</u>	<u>99,643</u>
Loan receivable (Note 4 c)	<u>1,856</u>	<u>1,992</u>
Investments (Note 3)	<u>182,813</u>	<u>161,974</u>
Capital assets (Statement C)		
Buildings, plant and land	612,763	580,629
Equipment and furnishings	316,642	303,909
Library materials	65,696	59,540
	<u>995,101</u>	<u>944,078</u>
	<u>\$1,295,732</u>	<u>\$1,207,687</u>

LIABILITIES, FUND BALANCES AND EQUITY

Liabilities

Bank indebtedness	\$5,145	\$6,479
Accounts payable and accruals	23,021	21,395
Deferred revenue	3,351	3,739
Funds held for others	1,736	2,232
Long-term debt (Note 4)	32,107	31,082
Unfunded disability plan liability (Note 8)	13,591	-
Unfunded liabilities	960	1,000
	<u>79,911</u>	<u>65,927</u>

Fund Balances (Statement B)

Operating	9,856	13,416
Capital	40,255	33,911
Restricted	199,940	177,511
	<u>250,051</u>	<u>224,838</u>

Equity in capital assets (Statement C)

	<u>965,770</u>	<u>916,922</u>
--	----------------	----------------

	<u>\$1,295,732</u>	<u>\$1,207,687</u>
--	--------------------	--------------------

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED
MARCH 31, 1990
(IN THOUSANDS OF DOLLARS)

STATEMENT B

	OPERATING		
	General Operating	Unallocated Income Fund	Ancillary Services
REVENUE			
Government grants	\$ 243,122	\$ —	\$ —
Tuition and related fees	39,303	—	—
Donations, gifts-in-kind and other grants	84	—	—
Investment income	4,047	7,080	—
Sales of goods and services	1,012	—	48,656
Proceeds of disposals	—	—	—
	<u>287,568</u>	<u>7,080</u>	<u>48,656</u>
EXPENDITURE:			
Salaries	230,604	—	19,793
Staff benefits	34,140	—	2,537
Supplies and sundries	23,572	94	8,683
Travel	3,349	—	65
Computing	8,116	—	170
Rentals	5,166	—	2,093
Maintenance	7,637	—	5,247
Utilities	10,950	—	1,797
Scholarships	—	—	—
Cost of goods sold and recovered	8,964	—	88,771
Capital acquisitions	7,246	—	3,814
Non-capitalized acquisitions	2,311	—	96
Interest	93	—	3,113
Cost recoveries	(43,510)	—	(86,054)
	<u>298,638</u>	<u>94</u>	<u>50,125</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	(11,070)	6,986	(1,469)
MORTGAGE OR LOAN PROCEEDS/(REPAYMENT)	—	—	(492)
INTERFUND TRANSFERS (Note2c)			
Investment income	4,100	(4,260)	—
Transfer to cover deficit	4,285	(4,285)	—
Killam estate	853	—	—
CAPITALIZATION OF INCOME			
Overhead assessment	3,842	—	—
Overhead allocations	(1,832)	—	—
Other	(373)	—	155
	<u>10,875</u>	<u>(8,545)</u>	<u>155</u>
Increase (decrease) in fund balances for the year	(195)	(1,559)	(1,806)
Fund balances, beginning of year	4,283	3,906	5,227
FUND BALANCES, END OF YEAR	\$ 4,088	\$ 2,347	\$ 3,421
COMPOSITION OF FUND BALANCES:			
Restricted	\$ —	\$ —	\$ —
Appropriated for specific purposes (Note6)	6,077	2,347	5,938
Unappropriated / (over-appropriated)	(1,989)	—	(2,517)
	<u>\$ 4,088</u>	<u>\$ 2,347</u>	<u>\$ 3,421</u>

Total Operating	CAPITAL	RESTRICTED				TOTAL FUNDS	
	Capital Fund	Special Purposes	Sponsored Research	Endowments	Total Restricted	1990	1989
\$ 243,122	\$ 40,518	\$ 11,509	\$ 54,673	\$ 3,632	\$ 69,814	\$ 353,454	\$ 367,384
39,303	—	1,027	12	—	1,039	40,342	36,383
84	2,367	9,737	17,784	5,960	33,481	35,932	34,365
11,127	2,174	—	—	12,992	12,992	26,293	20,581
49,668	—	5,331	432	—	5,763	55,431	49,988
—	879	—	—	—	—	879	286
343,304	45,938	27,604	72,901	22,584	123,089	512,331	508,987
250,397	—	12,213	38,554	—	50,767	301,164	279,372
36,677	—	1,074	2,996	—	4,070	40,747	34,853
32,349	—	8,413	13,389	—	21,802	54,151	49,407
3,414	—	3,181	4,581	—	7,762	11,176	10,637
8,286	—	59	163	—	222	8,508	7,861
7,259	—	314	233	—	547	7,806	8,057
12,884	—	111	700	—	811	13,695	13,165
12,747	—	—	1	—	1	12,748	13,191
—	—	1,530	6	—	1,536	1,536	1,928
97,735	—	12	—	—	12	97,747	94,610
11,060	40,827	2,091	8,490	—	10,581	62,468	64,126
2,407	1,019	183	296	—	479	3,905	4,542
3,206	—	—	—	—	—	3,206	3,312
(129,564)	—	—	—	—	—	(129,564)	(122,268)
348,857	41,846	29,181	69,409	—	98,590	489,293	462,793
(5,553)	4,092	(1,577)	3,492	22,584	24,499	23,038	46,194
(492)	2,667	—	—	—	—	2,175	(328)
(160)	—	10,803	2,863	(13,506)	160	—	—
—	—	—	—	—	—	—	—
853	—	(853)	—	—	(853)	—	—
—	(19)	(1,552)	(195)	1,766	19	—	—
3,842	—	(909)	(2,933)	—	(3,842)	—	—
(1,832)	—	1,818	14	—	1,832	—	—
(218)	(396)	258	368	(12)	614	—	—
2,485	(415)	9,565	117	(11,752)	(2,070)	—	—
(3,560)	6,344	7,988	3,609	10,832	22,429	25,213	45,866
13,416	33,911	30,154	29,201	118,156	177,511	224,838	178,972
\$ 9,856	\$ 40,255	\$ 38,142	\$ 32,810	\$ 128,988	\$ 199,940	\$ 250,051	\$ 224,838
\$ —	\$ —	\$ 38,142	\$ 32,810	\$ 128,988	\$ 199,940	\$ 199,940	\$ 177,511
14,362	45,045	—	—	—	—	59,407	52,381
(4,506)	(4,790)	—	—	—	—	(9,296)	(5,054)
\$ 9,856	\$ 40,255	\$ 38,142	\$ 32,810	\$ 128,988	\$ 199,940	\$ 250,051	\$ 224,838

STATEMENT OF CHANGES IN EQUITY IN CAPITAL ASSETS

AT MARCH 31, 1990
(IN THOUSANDS OF DOLLARS)

STATEMENT C

	Buildings, Plant & Land	Equipment & Furnishings	Library Acquisitions	Total 1990	Total 1989
Capital assets, beginning of year	\$ 580,629	\$ 303,909	\$ 59,540	\$ 944,078	\$ 884,455
Additions, financed by:					
Operating funds	2,871	2,863	5,326	11,060	10,757
Sponsored research funds	189	8,049	252	8,490	7,454
Special purposes funds	80	1,783	228	2,091	1,618
Capital funds	30,531	9,946	350	40,827	44,304
	<u>33,671</u>	<u>22,641</u>	<u>6,156</u>	<u>62,468</u>	<u>64,133</u>
Disposals	(1,537)	(9,908)	—	(11,445)	(3,149)
Adjustments of prior year	—	—	—	—	(1,361)
Capital assets, end of year	612,763	316,642	65,696	995,101	944,078
Long term debt (Note 4)	(30,251)	—	—	(30,251)	(28,103)
Deferred financing charges (Note 4a)	<u>920</u>	<u>—</u>	<u>—</u>	<u>920</u>	<u>947</u>
Equity in capital assets, end of year	<u>\$ 583,432</u>	<u>\$ 316,642</u>	<u>\$ 65,696</u>	<u>\$ 965,770</u>	<u>\$ 916,922</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 AUTHORITY

The University of Alberta operates under the authority of the Universities Act, Chapter U-5, Revised Statutes of Alberta, 1980 as amended. The University is a registered charity and is therefore exempt from payment of income tax under Section 149 of the Income Tax Act.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

A) General

These financial statements have been prepared using a basis of accounting that has gained general acceptance through usage by post-secondary educational institutions in Alberta. All expenditures for capital assets are expensed in the year incurred and capitalized at cost with no depreciation being recorded (Note 2 d). In addition, these financial statements follow the accrual basis of accounting except for the following:

- i. No accrual is made for vacation pay for salaried personnel. The estimated earned, but unused, vacation entitlements for University personnel at March 31, 1990 total \$18,000,000. (March 31, 1989, \$16,000,000).
- ii. No accrual has been made for the liability of the University under the Early Retirement Program. This program provides a bridge benefit for a retiree until the age of 65. The estimated cost of the obligation of the University under the program at March 31, 1990 amounts to \$1,091,000, (March 31, 1989, \$788,000.).

B) Fund Accounting

Under the principles of fund accounting, accounts with similar characteristics have been combined into the following three funds:

i. The Operating Fund consists of the following funds:

The General Operating Fund is for those activities which are financed by an annual operating grant from the Province of Alberta and student tuition fees. This Fund also includes Conditional Grants from the Province of Alberta for the implementation of new University programs.

The Unallocated Income Fund represents the balance of accumulated investment earnings on the Special Purpose and Sponsored Research Funds. This Fund was previously reported as a component of the Special Purposes Fund.

The Ancillary Services Fund comprizes Housing and Food Services, Printing Services, Physical Plant Operations, and other departments which provide goods and services to the University community.

ii. The Capital Fund consists of annual capital grants from the Province of Alberta, gifts-in-kind, donations, interest, and approved capital borrowings for capital asset acquisitions and major renovations.

iii. The Restricted Fund consists of the following funds:

The Special Purposes Fund consists of revenues, donations, and expenditures used for projects and purposes stipulated by donors and also for purposes stipulated by the Board of Governors.

The Sponsored Research Fund consists of grants, contract revenues, donations, investment income, and expenditures for research projects commissioned or authorized by external organizations and the Board of Governors.

The Endowment Fund consists of donations to the University, the principal of which is required to be maintained intact.

C) Inter-fund Transfers

Revenues and expenditures are accounted for in separate funds in accordance with purposes specified by donors or restrictions imposed by sources outside the University. Within these purposes or restrictions, policies may be established to transfer or reallocate amounts between funds to achieve the financial objectives of the University.

D) Capital Assets

All expenditures for capital assets are capitalized at cost. Capital gifts-in-kind are capitalized at appraised value. Assets under capital lease arrangements are capitalized at the purchase option price when title passes to the University. Capital asset disposals are recorded at cost or estimated cost. No depreciation on capital assets is recorded.

E) Inventories

Inventories of merchandise and supplies are recorded at the lower of cost and net realizable value.

F) Investments

Investments are recorded at cost or amortized cost where applicable. Amortization of premiums and discounts are calculated on a straight-line basis from acquisition date to maturity date. Gains or losses on sales of investments are recognized in the year of disposal.

G) Funding Commitments

Funding commitments by the Province of Alberta, by external agencies to provide research, or other types of grants payable within the ensuing fiscal period are recognized as revenue in the year in which the commitment is made. Any applicable matching grants from the Province of Alberta in respect of donations are recorded as revenue when applications are approved.

H) Investments in Subsidiaries and Other Affiliated Organizations

Subsidiaries owned by the University are not consolidated, nor are investments in affiliated companies accounted for by the equity method of accounting, since any increases or decreases in the equity of these companies will neither accrue to, nor be charged to, the University. The distribution of equity is restricted by the provisions of the incorporating documents or agreements with contributors. The University's interest in such entities is recorded at nominal value.

I) Donation Pledges

Donations are recorded as revenue only in the fiscal period in which they are received. The estimated amount of pledges receivable is \$12,344,000 at March 31, 1990, (\$10,600,000 at March 31, 1989). The pledges are expected to be received over the following four years. Donors may place various restrictions on the use of donations.

J) Statement of Changes in Financial Position

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

NOTE 3 INVESTMENTS

Investments are summarized as follows (in thousands of dollars):

	1990		1989	
	Cost	Market Value	Cost	Market Value
Short-term investments	\$ 77,951	\$77,951	\$ 67,854	\$ 67,854
Marketable securities				
Government bonds, direct and guaranteed	18,552	\$ 18,023	18,290	\$ 18,264
Corporate debentures	8,630	8,297	9,500	9,315
Common shares	55,628	73,079	46,779	60,509
	<u>\$ 82,810</u>	<u>\$ 99,399</u>	<u>74,569</u>	<u>\$ 88,088</u>
Other (not publicly traded)				
Long-term notes-interfund	7,255		7,394	
Employee housing loans	272		323	
Mortgages	10,774		7,801	
Real estate	1,787		2,068	
Private placements	1,964		1,965	
	22,052		19,551	
Total	<u>\$ 182,813</u>		<u>\$ 161,974</u>	

Included in the above are investments held on account of the Unallocated Income Fund. The market value of these investments at March 31, 1990 was \$ 7,059,000.

NOTE 4 LONG-TERM DEBT

Long-term debt is summarized as follows (in thousands of dollars):

			Amount Outstanding	
	Maturity Date	Interest Rate %	1990	1989
Long-term notes payable to trust funds – car parks:				
Stadium and Windsor (a)	July 1, 2003	11½	\$ 2,562	\$ 2,636
Education (b)	August 1, 2013	14⅓	3,805	3,837
Stadium renovation	July 1, 2000	14	888	922
Loan payable to Edmonton Telephones				
Centrex III equipment	February 1, 1996	—	589	—
Mortgages payable to CMHC				
Lister residences	July 1, 2014	5⅛	2,539	2,590
Michener Park phase I	April 1, 2018	5⅞	3,826	3,879
MacKenzie Hall	November 1, 2018	6¼	1,955	1,979
Michener Park phase II	December 1, 2023	7½	3,750	3,774
Pembina Hall	April 1, 2011	10¾	432	437
Debentures payable, Province of Alberta:				
Housing Union Building	June 1, 2008	10⅛	4,762	4,851
South Field Car Park–AMFC	November 1, 2014	10¼	2,000	—
Debentures payable, other:				
East Campus Housing	August 1, 2008	13	3,143	3,198
Total long-term debt related to capital fund: (Statement C)			<u>30,251</u>	<u>28,103</u>
Long-term debt related to other funds:				
Debentures payable, Province of Alberta:				
Students' Union Building (c)	November 30, 1999	5½	1,856	1,992
Long-term note payable to Canadian Western Bank				
Early Retirement Program	March 31, 1991	9¾	—	987
Total Long-term Debt			<u>\$ 32,107</u>	<u>\$ 31,082</u>

- A) Effective July 1, 1988, the note was restructured to reflect prevailing market rates. The loan principal was increased by \$947,000 and was recorded as a deferred financing charge which is being amortized over the 15 year term of the note. The unamortized amount of the deferred financing charge is \$920,000 at March 31, 1990 (\$947,000 at March 31, 1989).
- B) The annual payment of principal and interest includes a participation payment which is adjusted to reflect the difference between the current Consumer Price Index and the Index at the time of the original advance.
- C) The annual principal and interest payments are recovered from the Students' Union.

Anticipated requirements to meet the principal portion of long-term debt repayments during the next five years are as follows:

1991	—	\$ 719,000
1992	—	783,000
1993	—	852,000
1994	—	926,000
1995	—	1,007,000

NOTE 5 CONTINGENT LIABILITIES

The University is a defendant in a number of legal proceedings. Claims against the University in these proceedings, the total of which is substantial, have not been reflected in these financial statements. While the ultimate outcome of these proceedings cannot be predicted at this time, it is the opinion of administration that the resolution of these claims will not have a material effect on the financial position of the University.

The University is contingently liable as guarantor of the Department of Medicine Practice Plan, a related entity of the University, for up to a maximum of \$500,000 for a line of credit with a Canadian chartered bank.

NOTE 6 FUNDS APPROPRIATED FOR SPECIFIC PURPOSES

With the authority of the Board of Governors, the University maintains a number of appropriations within Operating and Capital funds. These appropriations have been established for specific expenditures and commitments in future periods. The following is a summary of the appropriations (in thousands of dollars):

	1990	1989
Operating		
Flexible Expenditure Program	\$ 3,258	\$ 1,412
Academic benefits	1,701	2,065
Equipment replacement and other	1,118	806
	<u>6,077</u>	<u>4,283</u>
Unallocated Income Fund	<u>2,347</u>	<u>—</u>
Ancillary Services		
Business operations	2,257	2,732
Equipment replacement and other	3,681	4,078
	<u>5,938</u>	<u>6,810</u>
Capital		
Province of Alberta		
Corbett Hall restoration	7,740	3,600
University heating plant	7,563	8,604
Clinical Sciences Building	5,159	1,970
Other	10,146	12,756
Provincial matching programs		
Timms Centre for the Arts	3,447	3,447
Other	5,161	5,399
Capital interest projects		
Timms Centre for the Arts	5,129	4,714
Other	297	49
Other	403	749
	<u>45,045</u>	<u>41,288</u>
Total appropriated for specific purposes (Statement B)	\$ 59,407	\$ 52,381

NOTE 7 PENSION COSTS AND OBLIGATIONS

The employees of the University are eligible for membership in either the Universities Academic Pension Plan or the Public Service Pension Plan, two provincially operated pension plans. Although these are defined benefit pension plans, any experience gains or losses determined by actuarial valuations are the responsibility of the Province of Alberta. Accordingly, no disclosure is required in these financial statements relating to the effects of participation in the pension plans by the University and its employees.

NOTE 8 LONG-TERM DISABILITY LEAVE PLANS

The long-term disability leave plans were converted to self-insured and self-administered plans in 1983. Prior to the current fiscal year, the costs of the plans were recorded using the cash basis of accounting.

In 1988 the Canadian Institute of Chartered Accountants (CICA) extended the application of the provisions of the CICA Handbook to include not-for-profit institutions effective for fiscal years commencing after January 1, 1989. As a result, the University has changed its accounting policy with respect to the accrual of long-term disability leave plan liabilities on a prospective basis.

Disability costs are actuarially determined, and the liability and deferred charge recorded at April 1, 1989 is being amortized on a straight-line basis over the expected average remaining claim life of existing claimants, currently estimated at twelve years. Experience gains and losses will be amortized in the same manner. The effects of this change in accounting policy are summarized as follows (in thousands of dollars):

	Liability	Deferred Charge	Expense
Actuarial estimate of liability at April 1, 1989	\$ 11,292	\$ 11,292	\$ —
Amortization for the current year	—	(941)	941
Experience loss for the current year	1,251	1,251	—
Disability costs for the current year	3,124	—	3,124
Amount paid during the year	(2,076)	—	—
	<u>\$ 13,591</u>	<u>\$ 11,602</u>	<u>\$ 4,065</u>

In addition, other deferred charges and prepaid expenses of \$3,376 are included in the deferred charge amount shown on Statement A.

NOTE 9 COMPARATIVE FIGURES

The 1989 figures have been reclassified where necessary to conform to 1990 financial statement presentation.

Copyright University of Alberta 1991

Produced for the Administrative Director, Board of Governors
by the Office of Public Affairs

Design and production management:
Raymond Au,
Graphic Design and Illustration Services

Photographs: Phil Schofield

LE 3 A58 U575 1989/1990
UNIVERSITY OF ALBERTA
REPORT OF THE UNIVERSITY OF
ALBERTA --
SERIAL NL 40151116 HSS ST



000037803848

DATE DUE SLIP

For Reference

NOT TO BE TAKEN FROM THIS ROOM

UNIVERSITY OF ALBERTA

JUL 18 1991

REFERENCE DEPARTMENT

C3963

University
of
Alberta

